



**OREGON COUNTY, MISSOURI
YEARS ENDED DECEMBER 31, 2003 AND 2002**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2004-67
September 9, 2004
www.auditor.mo.gov**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2004

IMPORTANT: The Missouri State Auditor is required by state law to conduct audits once every 4 years in counties, like Oregon, that do not have a county auditor. In addition to a financial and compliance audit of various county operating funds, the State Auditor's statutory audit covers additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Oregon County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999. On May 15, 2001 the Missouri Supreme Court handed down an opinion that challenged the validity of Section 50.333.13, RSMo, which allowed county salary commissions in 1997 to provide mid-term salary increases for associate county commissioners. The Supreme Court held this section of law violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. The County Commission responded that they were complying with the law when accepting these raises.
- Some fixed assets were not included on the fixed asset listing, property tags are not placed upon all fixed asset items, and the County Clerk does not maintain the fixed asset records in a manner that balances can be reconciled from period to period. In addition, the County Clerk does not maintain an account book with the County Collector as required by state law and controls over property tax additions and abatements are not adequate. Also, the published financial statement did not include the financial activity of some funds as required.
- Concerns with the Health Center's records and procedures include receipts are not deposited timely, fixed assets records are not adequate, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

The audit also suggested improvements in controls and procedures of the Circuit Clerk, Associate and Probate Division, Ex Officio Recorder of Deeds, Sheriff, and the Senate Bill 40 Board.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Oregon County, Missouri

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash - Various Funds and Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual - Various Funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2003 and 2002, on the basis of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 27, 2004, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Oregon County, Missouri, and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.



Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Susan Cessac
Audit Staff:	Liang Xu
	Mary Johnson



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the County Commission
and
Officeholders of Oregon County, Missouri

We have audited the financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of various funds of Oregon County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of various funds of Oregon County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

Financial Statements

Exhibit A-1

OREGON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2003

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 687,037	1,125,660	1,105,709	706,988
Special Road and Bridge	641,908	715,824	764,601	593,131
Assessment	0	126,478	126,478	0
Prosecuting Attorney Training	276	404	497	183
Law Enforcement Training	1,044	2,873	3,600	317
Federal Law Enforcement Forfeiture	6,087	98	3,000	3,185
River/Forest Patrol	0	15,478	15,478	0
Prosecuting Attorney Special	1,793	300	961	1,132
Recorder's User Fees	53,166	10,854	7,296	56,724
Operation Cash Crop	94	1,894	674	1,314
Law Enforcement Donations	9,061	7,003	13,306	2,758
Prosecuting Attorney Bad Check	953	9,373	8,692	1,634
Election	2,246	521	0	2,767
Forest Service Title III	42,870	538	29,712	13,696
Economic Development	15,937	3,236	18,110	1,063
Health Center	110,972	355,030	347,319	118,683
Senate Bill 40 Board	102,448	71,210	56,350	117,308
Senior Citizens' Board	5,303	34,527	35,184	4,646
Law Library	8,318	4,170	2,271	10,217
Children's Trust	295	265	295	265
Associate Circuit Division Interest	2,625	730	0	3,355
Circuit Clerk Interest	14,460	490	958	13,992
Tax Maintenance	170	8,152	1,430	6,892
Economic Recovery Grant	0	8,019	8,019	0
Total	\$ 1,707,063	2,503,127	2,549,940	1,660,250

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OREGON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2002

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 644,307	1,129,873	1,087,143	687,037
Special Road and Bridge	578,821	773,991	710,904	641,908
Assessment	0	121,884	121,884	0
Prosecuting Attorney Training	333	443	500	276
Law Enforcement Training	605	2,891	2,452	1,044
Federal Law Enforcement Forfeiture	8,853	234	3,000	6,087
River/Forest Patrol	0	15,000	15,000	0
Prosecuting Attorney Special	1,308	485	0	1,793
Recorder's User Fees	45,509	10,073	2,416	53,166
Operation Cash Crop	94	454	454	94
Law Enforcement Donations	1,652	11,723	4,314	9,061
Prosecuting Attorney Bad Check	1,102	8,715	8,864	953
Election	2,372	1,374	1,500	2,246
Forest Service Title III	0	53,090	10,220	42,870
Economic Development	0	37,176	21,239	15,937
Health Center	87,363	352,892	329,283	110,972
Senate Bill 40 Board	74,527	68,021	40,100	102,448
Senior Citizens' Board	4,948	33,275	32,920	5,303
Law Library	6,372	4,289	2,343	8,318
Children's Trust	330	295	330	295
Associate Circuit Division Interest	1,684	941	0	2,625
Circuit Clerk Interest	14,761	453	754	14,460
Tax Maintenance	0	170	0	170
Community Development Block Grant	0	10,173	10,173	0
Tourism Grant	0	12,000	12,000	0
Total	\$ 1,474,941	2,649,915	2,417,793	1,707,063

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 2,547,469	2,495,108	(52,361)	2,483,905	2,627,572	143,667
DISBURSEMENTS	2,855,576	2,541,921	313,655	2,836,554	2,395,620	440,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	(308,107)	(46,813)	261,294	(352,649)	231,952	584,601
CASH, JANUARY 1	1,708,886	1,707,063	(1,823)	1,474,941	1,474,941	0
CASH, DECEMBER 31	1,400,779	1,660,250	259,471	1,122,292	1,706,893	584,601
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	61,950	65,616	3,666	61,400	62,208	808
Sales taxes	700,000	730,783	30,783	650,000	712,542	62,542
Intergovernmental	181,295	161,065	(20,230)	173,040	183,479	10,439
Charges for services	129,464	131,769	2,305	122,400	129,189	6,789
Interest	20,410	19,069	(1,341)	30,210	21,852	(8,358)
Other	10,950	14,850	3,900	12,250	18,127	5,877
Transfers in	2,476	2,508	32	3,911	2,476	(1,435)
Total Receipts	1,106,545	1,125,660	19,115	1,053,211	1,129,873	76,662
DISBURSEMENTS						
County Commissioner	79,580	75,639	3,941	75,810	70,803	5,007
County Clerk	80,922	77,269	3,653	82,113	72,733	9,380
Elections	17,420	12,554	4,866	47,675	34,457	13,218
Buildings and ground:	48,700	37,968	10,732	47,900	36,668	11,232
Employee fringe benefit:	154,311	132,824	21,487	146,750	130,116	16,634
County Treasurer	29,779	29,774	5	27,312	26,866	446
County Collector	78,125	73,920	4,205	73,113	68,175	4,938
Ex Officio Recorder of Deeds	34,024	33,650	374	34,244	32,351	1,893
Circuit Clerk	13,050	7,929	5,121	14,900	8,777	6,123
Associate Circuit Court	10,257	6,791	3,466	10,257	6,539	3,718
Associate Circuit (Probate)	552	346	206	578	231	347
Court administrator	1,366	607	759	1,333	552	781
Public Administrator	29,260	28,014	1,246	28,848	28,527	321
Sheriff	244,938	246,970	(2,032)	269,060	246,367	22,693
Jail	29,749	26,903	2,846	24,699	24,943	(244)
Prosecuting Attorney	89,657	88,307	1,350	82,367	78,604	3,763
Juvenile Officer	47,902	45,133	2,769	46,063	45,872	191
County Coroner	11,200	9,936	1,264	10,350	9,766	584
Public health and welfare services	500	0	500	500	0	500
Other	161,094	116,502	44,592	168,211	107,771	60,440
Transfers out	82,379	54,673	27,706	73,011	57,025	15,986
Emergency Function	33,200	0	33,200	32,000	0	32,000
Total Disbursements	1,277,965	1,105,709	172,256	1,297,094	1,087,143	209,951
RECEIPTS OVER (UNDER) DISBURSEMENTS	(171,420)	19,951	191,371	(243,883)	42,730	286,613
CASH, JANUARY 1	687,037	687,037	0	644,307	644,307	0
CASH, DECEMBER 31	515,617	706,988	191,371	400,424	687,037	286,613

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	118,400	118,492	92	108,500	112,559	4,059
Intergovernmental	571,500	575,485	3,985	577,000	640,494	63,494
Interest	10,000	14,861	4,861	15,000	12,645	(2,355)
Other	6,500	6,986	486	6,800	8,293	1,493
Total Receipts	706,400	715,824	9,424	707,300	773,991	66,691
DISBURSEMENTS						
Salaries	226,861	206,774	20,087	220,920	201,316	19,604
Employee fringe benefit:	80,543	66,351	14,192	76,667	64,412	12,255
Supplies	73,000	64,636	8,364	73,500	54,439	19,061
Insurance	18,000	17,973	27	16,000	16,740	(740)
Road and bridge materials	88,500	81,291	7,209	76,500	68,219	8,281
Equipment repairs	25,000	25,326	(326)	25,000	30,321	(5,321)
Rentals	1,500	510	990	1,500	0	1,500
Equipment purchase:	220,000	205,947	14,053	250,000	181,816	68,184
Construction, repair, and maintenance	80,500	80,650	(150)	86,500	72,372	14,128
Other	21,000	15,143	5,857	21,100	14,899	6,201
Transfers out	0	0	0	6,370	6,370	0
Total Disbursements	834,904	764,601	70,303	854,057	710,904	143,153
RECEIPTS OVER (UNDER) DISBURSEMENTS	(128,504)	(48,777)	79,727	(146,757)	63,087	209,844
CASH, JANUARY 1	641,908	641,908	0	578,821	578,821	0
CASH, DECEMBER 31	513,404	593,131	79,727	432,064	641,908	209,844
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	73,000	69,381	(3,619)	86,343	79,160	(7,183)
Charges for services	1,000	1,000	0	1,500	1,000	(500)
Interest	150	85	(65)	750	124	(626)
Other	1,450	1,339	(111)	1,250	1,325	75
Transfers in	73,181	54,673	(18,508)	54,861	40,275	(14,586)
Total Receipts	148,781	126,478	(22,303)	144,704	121,884	(22,820)
DISBURSEMENTS						
Assessor	148,781	126,478	22,303	144,704	121,884	22,820
Total Disbursements	148,781	126,478	22,303	144,704	121,884	22,820
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	530	404	(126)	545	443	(102)
Total Receipts	530	404	(126)	545	443	(102)
DISBURSEMENTS						
Prosecuting Attorney	500	497	3	500	500	0
Total Disbursements	500	497	3	500	500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	30	(93)	(123)	45	(57)	(102)
CASH, JANUARY 1	276	276	0	333	333	0
CASH, DECEMBER 31	306	183	(123)	378	276	(102)

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	800	1,249	449	1,000	1,102	102
Charges for service:	1,800	1,606	(194)	1,665	1,781	116
Interest	10	18	8	100	8	(92)
Total Receipts	2,610	2,873	263	2,765	2,891	126
DISBURSEMENTS						
Sheriff	3,600	3,600	0	3,300	2,452	848
Total Disbursement:	3,600	3,600	0	3,300	2,452	848
RECEIPTS OVER (UNDER) DISBURSEMENTS	(990)	(727)	263	(535)	439	974
CASH, JANUARY 1	1,044	1,044	0	605	605	0
CASH, DECEMBER 31	54	317	263	70	1,044	974
<u>FEDERAL LAW ENFORCEMENT FORFEITURE FUND</u>						
RECEIPTS						
Interest	180	98	(82)	500	234	(266)
Total Receipts	180	98	(82)	500	234	(266)
DISBURSEMENTS						
Sheriff	3,000	3,000	0	6,000	3,000	3,000
Total Disbursement:	3,000	3,000	0	6,000	3,000	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,820)	(2,902)	(82)	(5,500)	(2,766)	2,734
CASH, JANUARY 1	6,087	6,087	0	8,853	8,853	0
CASH, DECEMBER 31	3,267	3,185	(82)	3,353	6,087	2,734
<u>RIVER/FOREST PATROL FUND</u>						
RECEIPTS						
Intergovernmental	15,000	15,478	478	17,000	15,000	(2,000)
Transfers in	0	0	0	1,400	0	(1,400)
Total Receipts	15,000	15,478	478	18,400	15,000	(3,400)
DISBURSEMENTS						
Salaries	3,000	4,728	(1,728)	6,000	2,976	3,024
Fringe benefits	253	365	(112)	689	253	436
Mileage	8,584	7,781	803	7,000	8,608	(1,608)
Other	687	96	591	800	687	113
Transfers out	2,476	2,508	(32)	3,911	2,476	1,435
Total Disbursement:	15,000	15,478	(478)	18,400	15,000	3,400
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY SPECIAL FUND</u>						
RECEIPTS						
Intergovernmental	500	266	(234)	700	443	(257)
Interest	20	34	14	0	42	42
Total Receipts	520	300	(220)	700	485	(215)
DISBURSEMENTS						
Prosecuting Attorney	1,250	961	289	1,000	0	1,000
Total Disbursements	1,250	961	289	1,000	0	1,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(730)	(661)	69	(300)	485	785
CASH, JANUARY 1	1,793	1,793	0	1,308	1,308	0
CASH, DECEMBER 31	1,063	1,132	69	1,008	1,793	785
<u>RECORDER'S USER FEES FUND</u>						
RECEIPTS						
Charges for services	9,000	9,951	951	6,200	8,713	2,513
Interest	2,000	903	(1,097)	2,000	1,360	(640)
Total Receipts	11,000	10,854	(146)	8,200	10,073	1,873
DISBURSEMENTS						
Ex Officio Recorder of Deeds	9,675	7,296	2,379	12,350	2,416	9,934
Total Disbursements	9,675	7,296	2,379	12,350	2,416	9,934
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,325	3,558	2,233	(4,150)	7,657	11,807
CASH, JANUARY 1	53,166	53,166	0	45,509	45,509	0
CASH, DECEMBER 31	54,491	56,724	2,233	41,359	53,166	11,807
<u>OPERATION CASH CROP FUND</u>						
RECEIPTS						
Intergovernmental	1,000	1,894	894	1,250	454	(796)
Total Receipts	1,000	1,894	894	1,250	454	(796)
DISBURSEMENTS						
Sheriff	1,000	674	326	1,344	454	890
Total Disbursements	1,000	674	326	1,344	454	890
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,220	1,220	(94)	0	94
CASH, JANUARY 1	94	94	0	94	94	0
CASH, DECEMBER 31	94	1,314	1,220	0	94	94
<u>LAW ENFORCEMENT DONATIONS FUND</u>						
RECEIPTS						
Charges for services	12,000	6,874	(5,126)	10,000	11,600	1,600
Interest	120	129	9	80	123	43
Total Receipts	12,120	7,003	(5,117)	10,080	11,723	1,643
DISBURSEMENTS						
Sheriff	13,000	13,306	(306)	10,000	4,314	5,686
Total Disbursements	13,000	13,306	(306)	10,000	4,314	5,686
RECEIPTS OVER (UNDER) DISBURSEMENTS	(880)	(6,303)	(5,423)	80	7,409	7,329
CASH, JANUARY 1	9,061	9,061	0	1,652	1,652	0
CASH, DECEMBER 31	8,181	2,758	(5,423)	1,732	9,061	7,329

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	9,000	9,301	301	7,750	8,637	887
Interest	0	72	72	0	78	78
Total Receipts	9,000	9,373	373	7,750	8,715	965
DISBURSEMENTS						
Prosecuting Attorney	8,880	8,692	188	8,808	8,864	(56)
Total Disbursements	8,880	8,692	188	8,808	8,864	(56)
RECEIPTS OVER (UNDER) DISBURSEMENTS	120	681	561	(1,058)	(149)	909
CASH, JANUARY 1	953	953	0	1,102	1,102	0
CASH, DECEMBER 31	1,073	1,634	561	44	953	909
<u>ELECTION FUND</u>						
RECEIPTS						
Intergovernmental	1,200	478	(722)	1,000	1,346	346
Interest	0	43	43	0	28	28
Total Receipts	1,200	521	(679)	1,000	1,374	374
DISBURSEMENTS						
County Clerk	2,000	0	2,000	1,500	1,500	0
Total Disbursements	2,000	0	2,000	1,500	1,500	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	(800)	521	1,321	(500)	(126)	374
CASH, JANUARY 1	2,246	2,246	0	2,372	2,372	0
CASH, DECEMBER 31	1,446	2,767	1,321	1,872	2,246	374
<u>FOREST SERVICE TITLE III FUND</u>						
RECEIPTS						
Intergovernmental	27,000	0	(27,000)	50,000	46,192	(3,808)
Interest	250	538	288	250	528	278
Transfers in	0	0	0	0	6,370	6,370
Total Receipts	27,250	538	(26,712)	50,250	53,090	2,840
DISBURSEMENTS						
Sheriff	42,387	29,712	12,675	25,482	10,220	15,262
Total Disbursements	42,387	29,712	12,675	25,482	10,220	15,262
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,137)	(29,174)	(14,037)	24,768	42,870	18,102
CASH, JANUARY 1	42,870	42,870	0	0	0	0
CASH, DECEMBER 31	27,733	13,696	(14,037)	24,768	42,870	18,102

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Intergovernmental	18,000	3,000	(15,000)	25,405	20,094	(5,311)
Interest	0	236	236	100	332	232
Transfers in	10,000	0	(10,000)	16,750	16,750	0
Total Receipts	28,000	3,236	(24,764)	42,255	37,176	(5,079)
DISBURSEMENTS						
Salaries	27,500	11,474	16,026	27,500	13,250	14,250
Fringe benefits	5,664	2,390	3,274	5,431	2,208	3,223
Office expenditures	3,300	956	2,344	3,300	1,596	1,704
Mileage and training	2,000	1,740	260	3,000	1,478	1,522
Other	2,600	1,550	1,050	1,700	2,707	(1,007)
Total Disbursements	41,064	18,110	22,954	40,931	21,239	19,692
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,064)	(14,874)	(1,810)	1,324	15,937	14,613
CASH, JANUARY 1	15,937	15,937	0	0	0	0
CASH, DECEMBER 31	2,873	1,063	(1,810)	1,324	15,937	14,613
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	71,000	70,538	(462)	65,000	66,871	1,871
Intergovernmental	261,383	253,314	(8,069)	240,100	256,937	16,837
Charges for services	24,500	28,205	3,705	20,000	25,759	5,759
Interest	1,700	1,664	(36)	2,000	2,108	108
Other	0	1,309	1,309	0	1,217	1,217
Total Receipts	358,583	355,030	(3,553)	327,100	352,892	25,792
DISBURSEMENTS						
Salaries	229,998	224,309	5,689	204,002	211,230	(7,228)
Office expenditures	31,665	28,901	2,764	24,700	19,291	5,409
Mileage and training	2,845	2,753	92	8,500	4,507	3,993
Clinic	41,100	39,812	1,288	26,500	34,132	(7,632)
WIC	21,475	21,955	(480)	17,328	22,941	(5,613)
Other	31,500	29,589	1,911	46,070	37,182	8,888
Total Disbursements	358,583	347,319	11,264	327,100	329,283	(2,183)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	7,711	7,711	0	23,609	23,609
CASH, JANUARY 1	113,217	110,972	(2,245)	87,363	87,363	0
CASH, DECEMBER 31	113,217	118,683	5,466	87,363	110,972	23,609
<u>SENATE BILL 40 BOARD FUND</u>						
RECEIPTS						
Property taxes	67,900	68,422	522	65,000	64,849	(151)
Intergovernmental	0	590	590	0	209	209
Interest	3,700	2,198	(1,502)	3,900	2,963	(937)
Total Receipts	71,600	71,210	(390)	68,900	68,021	(879)
DISBURSEMENTS						
Payments to Sheltered Workshop	40,000	56,250	(16,250)	40,000	40,000	0
Other	100	100	0	100	100	0
Total Disbursements	40,100	56,350	(16,250)	40,100	40,100	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	31,500	14,860	(16,640)	28,800	27,921	(879)
CASH, JANUARY 1	102,448	102,448	0	74,527	74,527	0
CASH, DECEMBER 31	133,948	117,308	(16,640)	103,327	102,448	(879)

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

	Year Ended December 31,					
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SENIOR CITIZENS' BOARD FUND</u>						
RECEIPTS						
Property taxes	34,000	34,232	232	33,000	32,443	(557)
Intergovernmental	0	295	295	0	832	832
Total Receipts	34,000	34,527	527	33,000	33,275	275
DISBURSEMENTS						
Payments for senior service	37,800	35,000	2,800	36,500	32,728	3,772
Other	0	184	(184)	0	192	(192)
Total Disbursements	37,800	35,184	2,616	36,500	32,920	3,580
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,800)	(657)	3,143	(3,500)	355	3,855
CASH, JANUARY 1	5,303	5,303	0	4,948	4,948	0
CASH, DECEMBER 31	1,503	4,646	3,143	1,448	5,303	3,855
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	3,900	4,105	205	3,800	4,210	410
Interest	100	65	(35)	95	79	(16)
Total Receipts	4,000	4,170	170	3,895	4,289	394
DISBURSEMENTS						
Law Library	2,400	2,271	129	2,100	2,343	(243)
Total Disbursements	2,400	2,271	129	2,100	2,343	(243)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,600	1,899	299	1,795	1,946	151
CASH, JANUARY 1	7,967	8,318	351	6,372	6,372	0
CASH, DECEMBER 31	9,567	10,217	650	8,167	8,318	151
<u>CHILDREN'S TRUST FUND</u>						
RECEIPTS						
Charges for services	300	265	(35)	400	295	(105)
Total Receipts	300	265	(35)	400	295	(105)
DISBURSEMENTS						
Payments to shelter	295	295	0	400	330	70
Total Disbursements	295	295	0	400	330	70
RECEIPTS OVER (UNDER) DISBURSEMENTS	5	(30)	(35)	0	(35)	(35)
CASH, JANUARY 1	295	295	0	330	330	0
CASH, DECEMBER 31	300	265	(35)	330	295	(35)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	850	730	(120)	700	941	241
Total Receipts	850	730	(120)	700	941	241
DISBURSEMENTS						
Associate Circuit Divisor	3,292	0	3,292	2,384	0	2,384
Total Disbursements	3,292	0	3,292	2,384	0	2,384
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,442)	730	3,172	(1,684)	941	2,625
CASH, JANUARY 1	2,442	2,625	183	1,684	1,684	0
CASH, DECEMBER 31	0	3,355	3,355	0	2,625	2,625

Exhibit B

OREGON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUND

Year Ended December 31,						
	2003			2002		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	500	490	(10)	1,000	453	(547)
Total Receipts	500	490	(10)	1,000	453	(547)
DISBURSEMENTS						
Circuit Clerk	2,500	958	1,542	2,500	754	1,746
Total Disbursement:	2,500	958	1,542	2,500	754	1,746
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,000)	(468)	1,532	(1,500)	(301)	1,199
CASH, JANUARY 1	14,572	14,460	(112)	14,761	14,761	0
CASH, DECEMBER 31	12,572	13,992	1,420	13,261	14,460	1,199
<u>TAX MAINTENANCE FUND</u>						
RECEIPTS						
Charges for services:	7,500	8,080	580			
Interest	0	72	72			
Total Receipts	7,500	8,152	652			
DISBURSEMENTS						
County Collector	7,600	1,430	6,170			
Total Disbursement:	7,600	1,430	6,170			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	6,722	6,822			
CASH, JANUARY 1	170	170	0			
CASH, DECEMBER 31	\$ 70	6,892	6,822			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

OREGON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present the receipts, disbursements, and changes in cash of various funds of Oregon County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, Senate Bill 40 Board, or the Senior Citizens' Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Economic Recovery Grant Fund	2003
Tax Maintenance Fund	2002
Community Development Block Grant Fund	2002
Tourism Grant Fund	2002

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets. However, expenditures exceeded budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
River/Forest Patrol Fund	2003
Law Enforcement Donations Fund	2003
Senate Bill 40 Board Fund	2003
Prosecuting Attorney Bad Check Fund	2002
Health Center Fund	2002
Law Library Fund	2002

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Library Fund	2003 and 2002
Children's Trust Fund	2003 and 2002
Associate Circuit Division Interest Fund	2003 and 2002
Circuit Clerk Interest Fund	2003 and 2002
Economic Recovery Grant Fund	2003
Community Development Block Grant Fund	2002
Tourism Grant Fund	2002

In addition, for the Health Center Fund, Senate Bill 40 Board Fund, and the Senior Citizens' Board Fund, the county's published financial statements for the years ended December 31, 2003 and 2002, included only those amounts that passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at

financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the Health Center Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance or by collateral securities held by the county's or the board's custodial bank in the county's or the board's name.

The Senate Bill 40 Board's and the Senior Citizens' Board's deposits at December 31, 2003 and 2002, were entirely covered by federal depositary insurance.

However, because of significantly higher bank balances at certain times during the year, uninsured and uncollateralized balances existed for the Senate Bill 40 Board at those times although not at year-end.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
U. S. DEPARTMENT OF AGRICULTURE				
Direct programs:				
10.670	National Forest - Dependent Rural Communities	N/A	\$ 7,744	0
10.672	Rural Development, Forestry, and Communities	N/A	0	12,000
Passed through state:				
Department of Health and Senior Services -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-2175W	0	54,038
		ERS045-3175W	53,778	4,539
		ERS045-4175W	10,046	0
	Program Total		63,824	58,577
10.559	Summer Food Service Program for Children	ERS146-2175I	0	240
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	48,580	180,531
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	2000-PF-06	0	10,173
Department of Social Services -				
14.231	Emergency Shelter Grants Program	ERO-164-0328	0	5,000
		ERO-164-0582	5,032	0
	Program Total		5,032	5,000
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2001-LBG-066	0	1,566
		2002-LBG-025	2,925	0
	Program Total		2,925	1,566
Missouri Sheriffs' Association -				
16	Domestic Cannabis Eradication/Suppression Program	N/A	894	536

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2003	2002
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.544	Public Assistance Grants*	FEMA-1412-DR-MO	43,211	109,146
83.552	Emergency Management Performance Grants**	N/A	6,050	2,750
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health and Senior Services -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-3175T	3,075	2,500
93.268	Immunization Grants	PGA064-1175A	0	3,635
		PGA064-2175A	2,200	1,570
		PGA064-3175A	1,500	0
		N/A	33,708	37,775
	Program Total		37,408	42,980
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHO3O290001	6,700	0
Department of Social Services -				
93.563	Child Support Enforcement	N/A	774	416
Department of Health and Senior Services -				
93.575	Child Care and Development Block Grant	PGA067-2175C	0	4,035
		PGA067-3175C	4,490	0
	Program Total		4,490	4,035
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-20020	0	18,797
		ERS161-30028	26,227	0
	Program Total		26,227	18,797
93.991	Preventive Health and Health Services Block Grant	AOC02380059	0	19,937
		DH030023001	16,042	4,583
	Program Total		16,042	24,520
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2175M	0	12,190
		ERS146-3175M	14,264	2,594
		ERS175-2051F	0	3,479
		ERS175-3050F	2,301	1,151
		N/A	320	328
	Program Total		16,885	19,742
Total Expenditures of Federal Awards			\$ 289,861	493,509

* The CFDA number for this program changed to 97.036 in October 2003.

** The CFDA number for this program changed to 97.042 in October 2003.

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OREGON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Oregon County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals. . . .

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for Immunization Grants (CFDA number 93.268) and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health and Senior Services.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2003 and 2002.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the County Commission
and
Officeholders of Oregon County, Missouri

Compliance

We have audited the compliance of Oregon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Oregon County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002.

Internal Control Over Compliance

The management of Oregon County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management of Oregon County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 27, 2004 (fieldwork completion date)

Schedule

OREGON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2003 AND 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements
noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ yes x no

Reportable conditions identified that are
not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? _____ yes x no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.665	Schools and Roads – Grants to States
10.672	Rural Development, Forestry, and Communities
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

OREGON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The prior audit report issued for the two years ended December 31, 2001, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

OREGON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

Findings - Two Years Ended December 31, 2001

01-1. Cash Management

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Off-System Bridge Replacement and Rehabilitation Program
Pass-Through Entity	
Identifying Number:	BRO-075 (5)
Award Year:	1997
Questioned Costs:	\$647

The county obtained advance payments of expenses and did not comply with the reimbursement requirements of the program.

Recommendation:

The county comply with the requirement to pay expenses prior to submitting a request for reimbursement and discontinue the practice of obtaining advances on this program. The county discuss the erroneous statement in the MoDOT Agency Manual referring to the program as not being a grant program with the program management office.

Status:

Implemented. The practice of obtaining advances has been discontinued and the erroneous statement has been discussed with MoDOT. A letter received from MoDOT indicates

"MoDOT has reviewed the situation and we forgive \$647.20 in interest earned by the county on advance payment."

01-2. Cash Management

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State Program
Pass-Through Entity	
Identifying Number:	2000-PF-06
Award Year:	2001 and 2000
Questioned Costs:	\$682

The county did not adequately monitor the third-party administrator's procedures for cash draws.

Recommendation:

The county review the third-party administrator's payment policies and monitor their procedures to determine whether controls are adequate. Also, the county attempt to obtain reimbursement of the questioned costs from the third-party administrator.

Status:

Partially implemented. The third-party administrator's payment policies were reviewed and procedures are being monitored to ensure controls are adequate. A letter received from the Department of Economic Development indicates "since there are no unresolved findings regarding the CDBG program, there are no further audit requirements for this audit period."

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

OREGON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the financial statements of various funds of Oregon County, Missouri, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004. We also have audited the compliance of Oregon County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 27, 2004.

In addition, we have audited the operations of elected officials with funds other than those presented in the financial statements to comply with the State Auditor's responsibility under Section 29.230, RSMo 2000, to audit county officials at least once every 4 years. The objectives of this audit were to:

1. Review the internal controls over the transactions of the various county officials.
2. Review compliance with certain legal provisions.

Our methodology to accomplish these objectives included reviewing accounting and bank records and other pertinent documents; interviewing various personnel of the county officials, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

This Management Advisory Report (MAR) presents any findings arising from our audit of the elected county officials referred to above. In addition, this report includes any findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These MAR findings resulted from our audit of the financial statements of Oregon County or of its compliance with the types of compliance requirements applicable to each of its major federal

programs but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting or compliance that are required for audits performed in accordance with *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

1. Associate Commissioner's Salary

The county has not taken action on mid-term salary increases given to the Associate County Commissioners in 1999.

Section 50.333.13 RSMo, enacted in 1997, allowed the salary commissions meeting in 1997 to provide mid-term increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Oregon County's Associate County Commissioners' salaries were each increased approximately \$4,120 yearly, according to the salary commission minutes.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional. On June 5, 2001, the State Auditor notified all third-class counties of the Supreme Court decision and recommended that each county document its review of the impact of the opinion, as well as plans to seek repayment.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,240 for the two years ended December 31, 2000, should be repaid. The Associate County Commissioners have made no repayments and the county has taken no action to seek repayment.

WE RECOMMEND the County Commission review the impact of this court decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The salary commission provided these raises to the Associate County Commissioners in good faith based on the law that was passed. Based on that we do not intend to require repayment of these monies.

2. County Procedures and Published Financial Statements

Some fixed assets were not included on the fixed asset listing, property tags are not placed upon all fixed asset items, and the County Clerk does not maintain the fixed asset records in a manner that balances can be reconciled from period to period. In addition, the County Clerk does not maintain an account book with the County Collector as required by state law and controls over property tax additions and abatements are not adequate. Also, the published financial statement did not include the financial activity of some funds as required.

- A. Our review of 16 fixed assets purchases found three assets, totaling approximately \$6,600, were not included on the fixed asset listing. In addition, we noted that fixed assets are not tagged and recorded upon arrival or installation and records are not maintained in a manner that balances can be reconciled from period to period.

Adequate fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

- B. The County Clerk does not maintain an account book with the County Collector. As a result, the County Collector's annual settlements cannot be adequately reviewed and errors could go undetected. An account book would summarize all taxes charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. These verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector and reported credits are complete and accurate.

Section 51.150.2, RSMo 2000, requires the County Clerk to maintain accounts with all persons chargeable with monies payable into the county treasury. A properly maintained account book would enable the County Clerk and the County Commission to verify the County Collector's annual settlements.

- C. Controls over property tax additions and abatements are not adequate. The County Assessor makes changes to the property tax system for personal and real property tax additions and abatements and submits the revised printouts to the County Collector. The County Collector files the printouts in the tax change book which is reviewed by the County Clerk once or twice a month. The County Clerk approves the printouts which serve as the addition and abatement court orders but the printouts are not reviewed or approved by the County Commission.

Section 137.260, RSMo 2000, requires the tax books only be changed by the County Clerk under the order of the County Commission. Controls should be established so that the County Clerk periodically reconciles all additions and abatements to changes made to the property tax system and charge these amounts to the County Collector. Further, court orders should be approved, at least monthly, by the County Commission for all additions and abatements to the property tax system.

- D. The county's annual published financial statements did not include financial activity of some funds and included only those amounts that passed through the County Treasurer for the Health Center Fund, Senate Bill 40 Board Fund, and Senior Citizens' Board Fund. Section 50.800, RSMo 2000, requires published financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activity, all monies received and disbursed by the county and all other required information should be included in the level of detail required by law.

Condition D was noted in our two prior reports.

WE RECOMMEND the County Commission:

- A. Establish a written policy related to the handling and accounting for fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, discuss procedures for the handling of asset dispositions, and any other concerns associated with county property.
- B. Require the County Clerk maintain an account book with the County Collector in accordance with statute. In addition, the County Commission should consider using the account book to verify the annual settlements of the County Collector.
- C. Ensure the County Clerk reconciles additions and abatements to the County Collector's annual settlements. In addition, the County Commission should review and approve all additions and abatements to the County Collector's annual settlement.
- D. Ensure all required financial information for all county funds is properly reported in the published financial statements.

AUDITEE'S RESPONSE

- A. *We have added these assets to the fixed asset records. We will establish a written policy for handling and accounting for fixed assets.*
- B. *The County Clerk will maintain an account book with the County Collector and we will use the account book to verify the annual settlements of the County Collector.*
- C. *We have begun reviewing and approving all additions and abatements weekly. The County Clerk will begin reconciling additions and abatements to the County Collector's annual settlement.*
- D. *We will ensure that all county funds are included in the published financial statements.*

3. Circuit Clerk's Accounting Controls and Procedures
--

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Circuit Clerk's office was responsible for processing receipts for criminal and civil cases, juvenile cases, garnishments, and bonds of approximately \$104,500 and \$66,500 for the years ended December 31, 2003 and 2002, respectively.

- A. Accounting duties are not adequately segregated. Currently, the Circuit Clerk performs most of the accounting duties, including receiving, depositing and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. The Circuit Clerk indicated some of the receiving duties are performed by the Deputy Circuit Clerk.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Proper segregation of duties helps to provide this assurance. This could be achieved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- B. Receipts are not always deposited on a timely basis. During the months of October, November, and December 2003, deposits were generally made once a week and averaged approximately \$960. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.

- C. The Circuit Clerk has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Circuit Clerk had six outstanding checks over one year old, totaling approximately \$126. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Circuit Clerk:

- A. Segregate accounting duties to the extent possible or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *The Deputy Clerk will take on more of the accounting duties. In addition, the clerk in the Ex Officio Recorder of Deeds' office is working in the Circuit Clerk's office half of the time and performing some of these duties. We are attempting to segregate the duties more.*
- B. *We will deposit more frequently. The deposit function in the JIS system sometimes take a lot of time so that we have not been depositing as frequently as we should.*
- C. *This has been implemented.*

4. Associate and Probate Division's Accounting Controls and Procedures

Accounting duties are not adequately segregated, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Associate and Probate Division was responsible for processing receipts for criminal and civil cases, traffic tickets, and bonds of approximately \$170,500 and \$183,200 during the years ended December 31, 2003 and 2002, respectively.

- A. Accounting duties are not specifically defined to an individual thus, duties are not adequately segregated. Both clerks share the duties of receiving and depositing and one clerk disburses monies and prepares bank reconciliations. There is no

documentation that an independent review of deposits and accounting records is performed.

Defined duties and proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the functions of receiving and depositing court monies from that of recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, there should be a documented independent comparison of recorded receipts and bank deposits and an independent review of bank reconciliations.

- B. Receipts are not always deposited on a timely basis. During the months of October, November, and December 2003, deposits were generally made twice a week and averaged approximately \$1,663. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The Associate and Probate Division has not established procedures to routinely follow up on outstanding checks. At December 31, 2003, the Associate and Probate Division had seven outstanding checks over one year old, totaling approximately \$407. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Associate and Probate Division:

- A. Segregate accounting duties to the extent possible by defining the duties of employees or ensure periodic supervisory reviews are performed and documented.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We have segregated duties as much as we think possible. The clerk preparing the deposit does review the work of the other clerk.*

- B. *We will attempt to deposit more often. The JIS system is slow and makes it difficult to deposit on a daily basis.*
- C. *We will attempt to resolve the current outstanding checks and investigate outstanding checks more often.*

5. Ex Officio Recorder of Deeds' Accounting Controls and Procedures
--

Copy money records are not adequate, copy and interest monies are not recorded in the fee book, not all interest is turned over to the County Treasurer, \$3,838 in unidentified monies exist in the account, and checks have been outstanding for a considerable length of time. The Ex Officio Recorder of Deeds distributed approximately \$96,000 and \$84,000 in various fees collected for the years ended December 31, 2003 and 2002, respectively.

- A. Records regarding copy monies received are not adequate. Copy monies received are recorded in a note pad and totaled once a month when preparing the monthly disbursement report. Approximately \$2,200 and \$2,000 in copy monies were recorded for the years ended December 31, 2003 and 2002, respectively. Receipt slips are only issued upon request, receipt slips issued are not prenumbered, and a duplicative copy of the receipt slip is not maintained. In addition, copy monies are not always deposited on a timely basis. Also, our review indicated the note pad totals did not agree to the deposit total for any of the 18 deposits made during the audit period and deposits averaged approximately \$230. To adequately safeguard against loss, theft, or misuse of funds, procedures should be adequate to ensure all copy monies received are receipted, recorded, and deposited timely.
- B. Copy monies and interest earned received are not recorded in the fee book. Copy monies received are maintained separately from other monies until deposited. In addition, our review indicated only 25 percent of the monthly interest earned is turned over to the County Treasurer. The Ex Officio Recorder of Deeds indicated she thought 25 percent of the interest was related to CERF and needed to be remitted each month but did not know what to do with the remaining 75 percent. Interest not remitted totaling approximately \$197 for the two years ended December 31, 2003 remains in the bank account. See Part C regarding \$3,838 in unidentified monies remaining in the bank account.

The fee book is the only record of monies received by the office and is used to prepare the monthly disbursement report. Failure to record all monies received increases the risk that errors, loss, or misappropriation of funds will not be identified in a timely manner. In addition, Section 59.250, RSMo 2000, requires the Ex Officio Recorder of Deeds to keep a full account of all fees of every kind received. Also, interest earned represents accountable fees. Section 50.370, RSMo 2000, requires every county official who receives fees for official services to pay such monies monthly to the county treasury.

- C. As of December 31, 2003, the reconciled bank balance was \$12,416 of which \$3,838 was unidentified monies. Reasons for the unidentified monies include the Ex Officio Recorder of Deeds does not remit 75 percent of the monthly interest monies earned to the county and does not maintain a balance of interest monies remaining in the bank account. In addition, \$230 in penalties charged during the audit period were not turned over to the County Treasurer and remain in the bank account.

The Ex Officio Recorder of Deeds should attempt to determine the reasons for the differences identified and if proper disposition of the unidentified monies cannot be determined, these monies should be disposed of in accordance with state law.

- D. The Ex Officio Recorder of Deeds has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Ex Officio Recorder of Deeds had twenty outstanding checks over one year old, totaling approximately \$98. Some of these checks were written in 1995. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

WE RECOMMEND the Ex Officio Recorder of Deeds:

- A. Implement procedures to ensure all copy monies received are recorded. In addition, prenumbered receipt slips should be issued and a copy of the receipt slip retained. Also, copy monies should be deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that all fees and monies received by the office are properly recorded in the fee book and all interest earned is remitted to the County Treasury at least monthly.
- C. Investigate the unidentified monies. In addition, ensure all penalties received are remitted to the County Treasury at least monthly.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We have done away with the notepad. The clerks are now recording all copy money receipts on the fee books. The copy monies are totaled and deposited with the other fees collected that day. We will issue prenumbered receipt slips for copy monies received over \$5.*

- B. *We have begun recording all copy monies on the fee book as they are received. We have also begun turning all interest over to the County Treasurer on a monthly basis. We are working on determining the amount in the account that needs to be turned over to the County Treasurer.*
- C. *After correcting the interest monies issue, all monies received will be remitted monthly. We are reviewing the unidentified monies. We are reviewing the penalties and will turn over all penalties to the County Treasurer.*
- D. *We have sent out letters to the payees of the outstanding checks. We will reissue checks to the payees if the payee can be located. If cannot locate the payee, we will turn the unclaimed monies over to the County Treasurer. We will follow up on old outstanding checks more timely.*

6.	Sheriff's Accounting Controls and Procedures
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The composition of receipts is not compared to the composition of deposits, receipts are not deposited in a timely manner, and checks have been outstanding for a considerable length of time. The Sheriff's office handled receipts totaling approximately \$244,200 and \$157,000 for the years ended December 31, 2003 and 2002, respectively.

- A. The composition (cash, check, and money order) of receipts is not compared to the composition of deposits. We reviewed ten deposits and the composition of deposits did not agree to the composition of receipts for four deposits. To adequately safeguard against loss, theft, or misuse of funds, the composition of receipts should be compared to the composition of bank deposits.
- B. Receipts are not always deposited on a timely basis. Deposits are generally made three to four times a month. During the month of December 2003, deposits typically averaged approximately \$860. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- C. The Sheriff has not established procedures to routinely follow up on old outstanding checks. At December 31, 2003, the Sheriff had two outstanding checks over one year old, totaling approximately \$515. One outstanding check for \$500 was sent to a county in another state. Subsequently, on July 26, 2004, the Sheriff's secretary found this check attached to the check stub as the check had been returned. If procedures had been in place to follow up on old outstanding checks, this would have been found much sooner. These old outstanding checks create additional and unnecessary record keeping responsibilities.

Procedures should be established to routinely investigate any checks remaining outstanding over a specified period of time. Old outstanding checks should be

voided and reissued to those payees who can be readily located. If the payees cannot be located the amount should be disbursed to the State's Unclaimed Property Section as required by Section 447.595, RSMo 2000.

Conditions similar to A&B were noted in our two prior reports.

WE RECOMMEND the Sheriff:

- A. Reconcile the composition of receipts to the composition of bank deposits.
- B. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

AUDITEE'S RESPONSE

- A. *We will begin reconciling the composition of receipts to the composition of deposits. We will ensure the method of payment is always indicated on the receipt slips issued so that the reconciliation can be performed.*
- B. *We will attempt to deposit more often. There has to be two people in the office at a time and most times there are not enough people in the office to leave the office to make the deposit. All large receipts are deposited immediately.*
- C. *We are investigating the \$500 outstanding check. We will follow up on outstanding checks more often.*

7. Health Center's Accounting Controls and Procedures
--

Concerns with the Health Center's records and procedures include receipts are not deposited timely, fixed asset records are not adequate, and procedures are not adequate to monitor budgeted and actual expenditures. In addition, timesheets are not signed by employees and the approval of employees' timesheets is not documented.

- A. Receipts are not always deposited on a timely basis for the satellite office in Tayer. We noted some receipts were held more than one week prior to deposit. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- B. Additions of fixed assets are not recorded as they occur and fixed asset disbursements are not reconciled to additions in the fixed assets records. We noted two computers costing \$1,000 each, a digital camera for \$400, and two generators costing \$675 each were not included on the fixed assets records. These items were not included on the

fixed asset listing because the Health Center Administrator thought the minimum for recording the fixed assets on the list was \$1,500 instead of \$250. In addition, the original cost of fixed assets is not included on the fixed assets listing and fixed asset expenditures are not reconciled to additions to the fixed assets records. Adequate fixed asset records and procedures are necessary to secure better internal controls over Health Center property and provide a basis for determining proper insurance coverage of Health Center property.

- C. The Health Center Board approved expenditures in excess of the approved budgeted amounts totaling \$2,183 for the year ended December 31, 2002. A budget revision of \$18,000 for 2003 was approved and documented in the December 15, 2003 minutes and was submitted to the State Auditor's office on December 29, 2003 to reflect increased revenues received and expenditures made during the year. According to the Health Center Administrator, budget to actual reports are generated at least quarterly and provided to the board. However, it appears the board is not using these reports as an effective monitoring tool.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget. To ensure the adequacy of the budgets as a planning tool and to ensure compliance with state law, budget amendments should be made prior to incurring the actual expenditures.

- D. Employee timesheets are not signed by the employee. In addition, the employee timesheets are not approved and signed by a supervisor. Employee timesheets should be signed by the employee and include documentation of supervisory approval to ensure all salary payments are based upon hours actually worked.

Conditions similar to B&C were noted in our two prior reports.

WE RECOMMEND the Health Center Board:

- A. Ensure all monies are deposited intact daily or when accumulated receipts exceed \$100.
- B. Ensure that fixed assets with an original cost of \$250 or more are properly added to the fixed asset listing, additions of fixed assets are recorded as they occur, and

reconcile additions to the property records periodically. In addition, the original cost of all fixed assets should be added to the fixed assets records.

- C. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures.
- D. Ensure employee timesheets are signed by the employee and require documentation of the administrator's approval on all timesheets.

AUDITEE'S RESPONSE

- A. *We have changed our procedures to deposit receipts from the Thayer satellite office more timely.*
- B. *We have begun recording all fixed assets additions to our listing and are updating our list with those assets that were not included on the list. We are also including the cost of fixed assets on the records and will begin reconciling expenditures to additions.*
- C. *We will refrain from authorizing expenditures in excess of budgeted amounts. We will review budget to actual numbers more closely so that budgets can be amended when we realize that we may exceed budgeted expenditures.*
- D. *This has been implemented.*

8. Senate Bill 40 Board's Accounting Controls and Procedures

The Senate Bill 40 Board procedures are not adequate to monitor budgeted and actual expenditures and to ensure bank accounts are sufficiently collateralized.

- A. The Senate Bill 40 Board approved expenditures in excess of the approved budgeted amounts totaling \$16,250 for the year ended December 31, 2003. The Senate Bill 40 Board approved additional funding for the sheltered workshop and did not realize their budget should be amended.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides county boards may amend the annual budget during any year in which the board receives additional funds which

could not be estimated when the budget was adopted and that the board shall follow the same procedures required for adoption of the annual budget to amend the budget.

- B. The Senate Bill 40 Board does not have adequate procedures to monitor and ensure monies in their bank account are sufficiently collateralized. The Senate Bill 40 Board deposits were under collateralized by \$8,277 during January 2003, due to the receipt of property tax monies in January. The Senate Bill 40 Board did not require the bank to pledge any collateral securities to ensure adequate coverage. Section 110.020, RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave Senate Bill 40 Board funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board:

- A. Refrain from authorizing expenditures in excess of budgeted amounts. If valid reasons necessitate excess expenditures, the original budget should be formally amended and filed with the State Auditor's office. In addition, amended budgets should be documented in the Board's minutes.
- B. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

- A. *This was an oversight and we will ensure that the budget is amended in the future should it be necessary for expenditures to be more than originally planned.*
- B. *We will monitor the bank balance to ensure deposits are adequately secured and this documentation will be maintained.*

Follow-Up on Prior Audit Findings

OREGON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Oregon County, Missouri, on findings in the Management Advisory Report (MAR) of the audit report issued for the two years ended December 31, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. Budgets, Financial Statements and Written Agreement

- A. Actual disbursements exceeded budgeted amounts in several county funds.
- B. Budgets were not prepared for several county funds.
- C. The annual published financial statements of the county did not include the financial activity of some county funds.
- D. The county did not enter into a formal written agreement with the Oregon County Recycling Association.

Recommendation:

The County Commission:

- A. Not authorize disbursements in excess of budgeted amounts.
- B. Ensure budgets are prepared or obtained for all county funds.
- C. Ensure financial information for all county funds is properly reported in the published financial statements.
- D. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement.

Status:

- A. Not implemented. Expenditures did exceed budgeted amounts for four funds. However, these amounts were not significant. Although not repeated in the current report, our recommendation remains as stated above.
- B. Not implemented. Four funds were not budgeted during our audit period. Although not repeated in the current report, our recommendation remains as stated above.

- C. Not implemented. See MAR finding number 2.
- D. Implemented.

2. Payroll and Personnel Procedures

- A. County employees included the lunch hour when reporting a 40 hour workweek on their time sheets. As a result, some employees were compensated for overtime even though they may have actually worked less than 40 hours contrary to the county personnel manual.
- B. The county paid an employee in lieu of county paid health insurance benefits and did not report the payments as income to the employee and did not withhold any payroll taxes from the payments.
- C. The county paid additional compensation of \$2,528 to a deputy sheriff from the Law Enforcement Donations Fund and failed to include these compensation payments in the amount reported on the applicable employee's W-2 form and did not withhold any payroll taxes from the payments.

Recommendation:

The County Commission:

- A. Ensure overtime is only compensated in accordance with the county personnel manual.
- B. Review the payments in lieu of county paid health insurance with the IRS and take appropriate action.
- C. Ensure all applicable employee payroll taxes are properly withheld, reported on employee W-2 forms, and paid to the applicable authorities for all compensation paid.

Status:

A&C. Implemented.

- B. Not implemented. The IRS was not contacted regarding the payments to employees in lieu of county paid health insurance as these payments are no longer made. Although not repeated in the current report, our recommendation remains as stated above.

3. Distribution of Forfeited Property

Two forfeiture cases were noted in which the forfeited property did not appear to be distributed in accordance with state statute.

Recommendation:

The Prosecuting Attorney ensure funds forfeited under state law are distributed and handled in accordance with state forfeiture laws.

Status:

Implemented.

4. Sheriff's Accounting Controls and Procedures

- A. The duties of cash custody and record keeping were not adequately segregated.
- B. The method of payment was not always indicated on the receipt slips or the receipts ledger.
- C. Receipts were not deposited intact on a timely basis.

Recommendation:

The Sheriff:

- A. Ensure accounting and receipting duties are segregated to the best extent possible. At a minimum, the Sheriff should perform documented reviews of the work performed.
- B. Ensure the method of payments is indicated on all receipt slips and reconcile total cash, check, and money orders to bank deposits.
- C. Ensure receipts are deposited intact daily or when accumulated receipts exceed \$100.

Status:

- A. Implemented.
- B. Partially implemented. The method of payment is indicated on all receipt slips but the composition of receipts is not reconciled to the composition of bank deposits. See MAR finding number 6.
- C. Not implemented. See MAR finding number 6.

5. Oregon County Health Center

- A. Prenumbered receipt slips were not issued for some monies received by the Health Center.
- B. The method of payment was not always indicated on the receipt slips or the cash control.
- C. The board approved disbursements in excess of budgeted amounts by \$24,366 for the year ended December 31, 1999.
- D. The board did not maintain property control records to account for property owned.

Recommendation:

The Health Center Board:

- A. Require prenumbered receipt slips be issued for all monies received.
- B. Require the method of payment be indicated on all receipt slips or the cash control and require total cash, checks, and money orders be reconciled to bank deposits.
- C. Not authorize disbursements in excess of budgeted amounts. If valid reasons necessitate additional disbursements, the original budget should be formally amended and reasons thoroughly documented.
- D. Require property records to be maintained on a current basis with the following information for each item:
 - 1) Identification number;
 - 2) Description of the item to include name, make, model, and serial number where appropriate;
 - 3) Physical location in sufficient detail to readily locate the item;
 - 4) Date of acquisition;
 - 5) Original cost and current market value;
 - 6) Source of acquisition by fund; and
 - 7) Date and method of disposition.

Status:

A&B. Implemented.

C. Not implemented. See MAR finding number 7.

- D. Partially implemented. Property records are being maintained but fixed asset purchases were not always recorded on the fixed asset listing. See MAR finding number 7.

6. Oregon County Senior Citizens' Board

- A. The Senior Citizens' Board (SCB) did not enter into written contracts with each NFP corporation.
- B. One member of the SCB also served as the secretary of one of the NFP boards. In addition, this member's husband served on the same NFP board. Because the SCB and the respective NFP corporation transacted business with each other, this situation presented a potential conflict of interest.
- C. The budgets did not include prior year actual revenues or expenditures. Additionally, beginning cash balances were inaccurate and detailed information did not agree to accounting records.

Recommendation:

- A. The SCB enter into a written contract with each NFP to specify the amount to be paid to the NFP corporation, the amount of services to be provided by the NFP corporation, and the time period of the contract. In addition, the contract should be signed by both parties.
- B. The County Commission, in the future, appoint persons to the SCB who are not administratively or financially involved in groups with which the county board conducts transactions.
- C. The SCB prepare budgets as required by state law.

Status:

A&B. Implemented.

- C. Partially implemented. The budgets included prior year actual expenditures, beginning cash balances were accurate, and detailed information agreed to accounting records; however, the budgets did not include prior year actual revenues. Although not repeated in the current report, our recommendation remains as stated above.

STATISTICAL SECTION

History, Organization, and
Statistical Information

OREGON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1845, the county of Oregon was named after Territory of Oregon. Oregon County is a county-organized, third-class county and is part of the Thirty-Seventh Judicial Circuit. The county seat is Alton.

Oregon County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining approximately 467 miles of county roads and 23 county bridges, and performing miscellaneous duties not handled by other county officials. Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records important to the county's citizens.

The county's population was 10,238 in 1980 and 10,344 in 2000. The following chart shows the county's change in assessed valuation since 1980:

		Year Ended December 31,				
		2003	2002	2001	2000	1985* 1980**
		(in millions)				
Real estate	\$	41.7	40.4	39.5	38.3	27.2 11.0
Personal property		20.3	19.7	19.0	17.2	7.2 4.9
Railroad and utilities		7.9	8.0	7.4	6.5	3.8 3.3
Total	\$	69.9	68.1	65.9	62.0	38.2 19.2

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Oregon County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,			
		2003	2002	2001	2000
General Revenue Fund	\$	0.0800	0.0800	0.0800	0.0800
Special Road and Bridge Fund *		0.2500	0.2500	0.2500	0.2500
Health Center Fund		0.1000	0.1000	0.1000	0.1000
Senate Bill 40 Board Fund		0.1000	0.1000	0.1000	0.1000
Senior Citizens' Board Fund		0.0500	0.0500	0.0500	0.0500

* The county retains all tax proceeds from areas not within road districts. The county has one road district that receives four-fifths of the tax collections from property within this district,

and the Special Road and Bridge Fund retains one-fifth. The Road district also has an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),			
	2004	2003	2002	2001
State of Missouri	\$ 21,964	20,891	20,290	18,948
General Revenue Fund	69,766	65,506	63,525	59,658
Special Road and Bridge Fund	110,981	105,711	103,148	95,697
Assessment Fund	36,691	27,651	26,715	24,596
Health Center Fund	72,357	68,923	66,944	62,482
Senate Bill 40 Board Fund	70,670	67,381	65,527	61,075
Senior Citizens' Board Fund	35,356	33,710	32,781	30,570
School districts	2,313,185	2,009,462	1,953,804	1,774,474
Library district	137,645	131,108	127,188	118,689
Ambulance district	101,468	96,644	93,861	87,590
Road district	60,953	57,824	55,668	52,582
Cities	42,917	39,769	39,286	34,883
County Clerk	179	149	153	144
County Employees' Retirement	21,063	17,583	18,367	16,053
Tax Maintenance Fund	8,114	3,360	0	0
Commissions and fees:				
General Revenue Fund	51,045	45,434	44,436	40,051
Collector	1,789	1,721	1,352	1,173
Total	\$ 3,156,143	2,792,827	2,713,045	2,478,665

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),				
	2004	2003	2002	2001	
Real estate	91.2	90.8	90.2	89.4	%
Personal property	88.6	87.1	88.8	88.5	
Railroad and utilities	100.0	100.0	100.0	100.0	

Oregon County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction	%
General	\$.0050	None	50	
General	.0050	None	None	

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2004	2003	2002	2001	2000
County-Paid Officials:	\$				
Leo Warren, Presiding Commissioner		24,400	23,120	23,120	23,120
Johnny D. Wrenfrow, Associate Commissioner		22,400	21,120	21,120	21,120
Buddy Wright, Associate Commissioner		22,400	21,120	21,120	21,120
Gary Hensley, County Clerk		34,000	32,000	32,000	32,000
Fred O'Neill, Prosecuting Attorney		41,000	39,000	39,000	39,000
Tim Ward, Sheriff		39,000	38,000	38,000	34,000
Laurel Johnson, County Treasurer		25,160	23,680	23,680	23,680
Tom Clary, County Coroner		9,500	9,000	9,000	5,500
Mike Crawford, Public Administrator (1)		25,000	25,000	25,000	29,725
Jerry Richardson, County Collector (2), year ended February 28 (29),	35,789	33,721	33,352	33,173	
Charles Lon Alford, County Assessor (3), year ended August 31,		34,900	32,900	32,900	32,900
Cliff Tuck, County Surveyor (4)		2,450	3,500	N/A	N/A

(1) Includes fees received from probate cases for 2000. Beginning in 2001, the Public Administrator received a salary of \$25,000.

(2) Includes \$1,789, \$1,721, \$1,352, and \$1,173, respectively, in commissions earned for collecting city property taxes.

(3) Includes \$900 annual compensation received from the state.

(4) Compensation on a fee basis. Prior to 2002, the County did not have a Surveyor.

State-Paid Officials:

Dorothy Barton, Circuit Clerk and Ex Officio Recorder of Deeds*	17,151			
Janice Andrews, Circuit Clerk and Ex Officio Recorder of Deeds	33,504	47,300	47,300	46,127
Jo Beth Prewitt, Associate Circuit Judge	96,000			
William Hass, Associate Circuit Judge		96,000	96,000	97,382

*Includes compensation for vacation leave earned while a deputy clerk.